

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2004-0071-E - ORDER NO. 2004-523
OCTOBER 21, 2004

IN RE: Petition of Progress Energy Carolinas, Inc. to) ORDER
Adopt New Depreciation Expense Rates)
Effective January 1, 2004.)
)

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Petition of Progress Energy Carolinas, Inc. (PEC or the Company) for an accounting order allowing it to adopt new depreciation expense rates effective January 1, 2004.

PEC states that it last changed its depreciation rates in 1988 in Docket No. 88-11-E, which was the Company's last rate proceeding. Given the length of time that has passed since the depreciable lives of its utility plant were studied and the anticipated extension of the Robinson Unit No. 2 nuclear operating license, PEC determined that it is appropriate to update its depreciation expense rates. To that end, PEC has recently completed a depreciation expense study of its utility plant, which was submitted to this Commission. With the exception of the change to the depreciation expense for PEC's Robinson Unit No. 2, the Company requests that the Commission issue an accounting order allowing it to implement the new depreciation expense rates as reflected in the proffered depreciation study, effective January 1, 2004.

The Company states that adoption and implementation of the new depreciation rates will not involve a change to any of PEC's rates or prices, or any Commission rule, regulation or policy. In addition, PEC notes that issuance of the accounting order does not prejudice any party's right to address this issue in a subsequent general rate case proceeding.

S.C. Code Ann. Section 58-27-870(F) (Supp. 2003) states that this Commission may put new rates into effect without notice and hearing upon Order when the rates do not result in any rate increase to the electrical utility. The depreciation rates requested by PEC in the present case fit into this category, therefore no notice and/or hearing is necessary under the law.

We have examined the Petition and the depreciation study provided by the Company and have concluded that the relief requested in the Petition should be granted as filed. Accordingly, we issue the requested accounting order. The depreciation expense rates as proposed by PEC are hereby adopted effective January 1, 2004. However, we would note that this accounting order is not to be precedential to future rate setting Orders.

(SEAL)